ESSHI Recommendations
January 2024
NYSAFAH and the Network

Overview

Since 2016, the Empire State Supportive Housing Initiative (ESSHI) has created approximately 8,000 units of supportive housing, integrated with thousands of additional units of affordable housing. The initiative has seen great success providing housing for a variety of populations of people experiencing homelessness and those at-risk thereof. In the face of great need, longstanding supportive housing providers have expanded their portfolios while more affordable housing developers and human service providers have entered the field.

While ESSHI was still in its infancy, COVID-19 ushered in a new normal: exacerbating challenges around tenants' physical and behavioral health, fraying social connections, upending the labor market, and bringing fiscal stess to housing portfolios across the state alongside a period of inflation.

All supportive and affordable housing providers have felt the strain of these conditions, and in some cases, properties have become troubled. In order to address systemic challenges and the unique needs of our membership operating ESSHI projects, the Supportive Housing Network of New York (the Network) and the New York State Association for Affordable Housing (NYSAFAH) launched a working group in the fall of 2023 with the goal of creating shared recommendations. The working group included 11 non-profit and for-profit supportive housing developers and service providers. The Association for Community Living (ACL) also joined and participated in the creation of the recommendations.

NYSAFAH and the Network decided to focus on ESSHI as it represented a commonality for the various developers and service providers whose interest provided the motivation for the creation of the working group.

The process consisted of five, two-hour working group sessions including two in-person work sessions in Albany and New York City, facilitated by Network and NYSAFAH staff. In between sessions, the Network and NYSAFAH staff worked collaboratively to generate and vet recommendations, seeking consensus and identifying issues where consensus was not possible.

The below recommendations are the final product of the workgroup. Their intended audience includes the ESSHI Working Group, State agencies, and the State Legislature.

Contents:

ESSHI Funding Levels

Background:

- ESSHI has driven the development of almost 8,000 units of supportive housing to date. It is New York State's pre-eminent project to address homelessness. Unfortunately, ESSHI funding has stayed flat since the creation of the program at $25,000 a unit. These levels are not adjusted for inflation, with adjustments only occurring for current awards at 2% per year, starting in the year after opening.

- These funding levels are not sufficient to have adequate service staff on site, provide adequate security, or repair damaged units.

- Some providers requested funding levels well below $25,000 in their application, either lacking experience in supportive housing operations or thinking that a lower rate would make their application more competitive. There is no mechanism for those providers to increase their contracts to match their costs.

- $25,000 in 2016 dollars is equivalent to almost $32,000 in 2023 dollars (adjusted using the latest Consumer Price Index available from the Bureau of Labor Statistics). As the chart below shows, even a contract that started in 2016 at the max rate of $25,000 would only be receiving $28,717 today.

	ESSHI Max Rate with 2% Escalator	ESSHI Rate with CPI Increase (July)	CPI % Increase
2016	$ 25,000	$ 25,000	N/A
2017	$ 25,500	$ 25,432	1.7%
2018	$ 26,010	$ 26,182	2.9%
2019	$ 26,530	$ 26,656	1.8%
2020	$ 27,061	$ 26,919	1.0%
2021	$ 27,602	$ 28,364	5.4%
2022	$ 28,154	$ 30,782	8.5%
2023	$ 28,717	$ 31,760	3.2%
2024	$ 29,291	TBD	TBD

- To make matters worse, since all contracts start at a maximum of $25,000, the later the contract started, the further behind it is. See chart below:

Contract Start Year	2023 ESSHI Max Rate	% Below CPI-Adjusted 2023 Rate
2016	$ 28,717	11%
2017	$ 28,154	13%
2018	$ 27,602	15%
2019	$ 27,061	17%
2020	$ 26,530	20%
2021	$ 26,010	22%
2022	$ 25,500	25%
2023	$ 25,000	27%

Recommendation:
- Fund current and future ESSHI contracts at $32,395 ($25,000 in 2016 dollars, using 2% as the projected rate of inflation for 2024) beginning in FY2024-25, with annual increases at a minimum of 2% and up to the Consumer Price Index provided by the Bureau of Labor Statistics.
- For ESSHI contracts that may be below the maximum rate, allow contracts to apply for and receive budget increases up to ESSHI maximum after one full year of operation.
- Future ESSHI RFPs should provide for contracts to receive the CPI-adjusted ESSHI rate in the contract start year, with annual CPI-based adjustments thereafter.

This increased funding will allow properties to keep up with escalating costs, and help ensure we are not falling behind in the following critical areas:

- Workforce
  - ESSHI should fund enhanced pay and benefits for direct care support services staff to avoid continued mass turnover.
  - ESSHI should fund specialized professional on-site staff when necessary given the population need (e.g. CASAC, MSWs and/or Peer Mentors).
    - This approach will vary based on building and available external resources.
  - See Network workforce recommendations for more detail.

- Security/Community Safety
  - Safety incidents on site have made conditions challenging for tenants, support service staff and building staff leading to high rates of turnover. In some cases, these incidents result in injury and/or trauma.

- o The State should pay appropriate security costs for the entire integrated supportive housing building, and should a consider a variety of mechanisms to do so. (See also Improving Community Safety recommendations below).
  - ▪ Security needs will vary by project. The capital and M&O budgets, as well as the ESSHI budget, should be considered as sources for security.
- o In some cases, having a staff person, front desk person, or contracted security worker on site 24/7 will be necessary. All staff and contractors responsible for maintaining community safety should be specialized and trained to work in a supportive housing environment.
- o Services and operating staffing plans should be reviewed by the NYS ESSHI Interagency Work Group or lead agency to ensure coverage is appropriate for the project.

- • Repairing damaged units
  - o Underwriting is not adequately taking into account the extensive damage to units that is frequently occurring.
  - o ESSHI should be permitted to fund an additional reserve for damaged units.
    - ▪ This reserve would be controlled by the building owner and service provider, rather than the investor or HCR.
    - ▪ Some providers don't have adequate funds available in early contract months due to the need to acquire furnishings, but a reserve could be funded on an ongoing basis as well as upon initial lease-up.
    - ▪ Unspent rent from startup period could be a source used to fund the reserve.
  - o Replacement reserves should be allowed to be accessed for unit repair without waiting for five years.
  - o ESSHI providers and building owners should have clear agreements about funding of repairs beyond standard thresholds. ESSHI funds should be available to supplement building funds to put supportive units back in service if feasible and necessary.

Improve the ESSHI Award Process and Collaboration

Background:
- • ESSHI Conditional awards have a very high rate of approval. About 6,000 units are conditionally approved annually, which in turn translates to approximately 1,400 units/per year in permanent awards.

- Many conditional awardees are not paired with developers and sites at time of application. The process of making matches between the conditional and final award phase is challenging for parties on both sides.
- Developers/owners and service providers often experience asymmetry of information and are not able to obtain and understand the requirements and guidelines to which their partners are subject.
- While ESSHI does not mandate a certain referral source, the two most common referral sources are the local Single Point of Access (SPOA) and the Continuum of Care (CoC). An ESSHI applicant is also required to get a support letter from the CoC. The expectations and goals of the SPOA, CoC, ESSHI contracting agency and ESSHI service provider and building owner are sometimes in conflict. Collaboration between the SPOA and CoC on referrals and transfers is also limited due to regulatory and eligibility issues.

Recommendations:
- Guidelines and Program Manuals for each ESSHI sub-population should be available on a common website. This should include standard audit or site review regulations and guidance.
- Future RFPs should establish a higher threshold of experience or training in the supportive housing modality and relevant core competencies, in addition to experience working with the target population.
  - Applicants new to supportive housing should still be encouraged, though they should demonstrate understanding and skills related to supportive housing, as well as an ongoing plan for capacity building.
- A standard training should be developed and provided by the State, or by designated training centers or NFPs, that is free of charge and required for all developers, owners, property managers and service providers of ESSHI projects.
  - Such training should include tailored information about the population(s) that will be served.
- Greater attention should be paid to the developer/owner/service provider relationship. Permanent awards should require regular meetings between service providers and operating staff before the closing date and after building opening. The relevant state agencies financing the project should join for at least one project kickoff meeting.
  - The State, in concert with ESSHI developers, owners and providers, should create an implementation guide that includes a checklist of items to be discussed and agreed upon in meetings between the service provider and developer.
- Developers and property managers should have an ESSHI Interagency Work Group contact to raise concerns. Similarly, ESSHI service providers should have an HCR contact.
- The ESSHI Interagency Work Group should facilitate annual regional meetings with ESSHI building owners, service providers, the SPOA and the CoC to discuss concerns and opportunities for improved collaboration.

ESSHI Award Timing

Background:
Lease-up is by far the most challenging time for a new ESSHI development. Due to the award timing, tenants are moving in while service staff are being hired, which means that there is often inadequate staffing on site when the first supportive tenants arrive. Similarly, this means that service staff is not fully available to evaluate tenants' needs.

Recommendation:
ESSHI should fund awards six months before the commencement of lease-up in order for the service team to be fully staffed prior to client move-in. This will enable a more careful, welcoming and tenant-centered intake process for ESSHI tenants to facilitate timely, but not rushed, move-in.

External Community Services and Support

Background:
- In 2023, New York State began a $1 billion investment to expand mental health housing resources and community services, including ACT teams.
- An original Housing First supportive housing model pioneered by Pathways incorporated ACT teams into every tenant's service plan. This model produced excellent outcomes that are still cited today as proof of Housing First's success.
- Unfortunately today, ACT teams are oversubscribed and have a pattern of triaging out supportive housing clients. This is neither policy nor intentional practice, but is an outcome of existing ACT teams stretched to capacity and dedicating resources to less stably housed clients.
- Referral sources and supportive housing case managers are often equally unaware of the community-based services that a potential or existing tenant is engaged in or is eligible for, leading to gaps in care and discontinuity of services.

Recommendation:
- Create a funding stream for ACT teams dedicated solely to housing portfolios. Pay must be adjusted for ACT teams in order to attract and retain staff appropriately.
- Work with OMH, OASAS, OPWDD and other members of the ESSHI Interagency Work Group to create a simple, digestible document that helps case managers and tenants understand and access community-based behavioral health services.
- Create standard guidance for ESSHI referrals (whether referred from CoC or SPOA) and intake that includes assessment of community-based services that client is currently utilizing. Discharge from those services, when appropriate, should be done in coordination with housing services team.
- OMH-DOH Guidance on Evaluation and Discharge Practices for Comprehensive Psychiatric Emergency Programs (CPEP) and S9.39 Emergency Departments (ED) should

be disseminated to all ESSHI providers and included in common website for ESSHI policies and procedures (see Improve the ESSHI Award Process and Collaboration recommendations). We understand that this guidance will soon become regulation.

Building Underwriting

Background:
- HCR is under a mandate to maximize affordable and supportive housing production per dollar of subsidy. This has led to certain cost-savings measures, such value engineering and low budgets for personnel. However, safety concerns and the need to build with durable materials that are appropriate for vulnerable populations, require a greater degree of investment.
- Recommendation:
  - A&E standards should allow for the following-
    - Secondary exits for building staff
    - Security glass and teller windows
    - More robust basic construction materials
    - Office space for service staff onsite
  - Property management budgets should be allowed to include security

Training

Background:
- All staff, both property management and support services need ongoing training in supportive housing principles and property management requirements. Such topics include but are not limited to:
  - Supportive Housing basics, including population served
  - Harm reduction
  - De-Escalation and response to violence
  - Property management and supportive services roles and responsibilities
  - Cultural Competency
  - Sensitivity training
  - Trauma-Informed Care
- However, today all such training is performed in-house or selected by the provider, which means that some high-capacity service providers and property managers will receive it, but others may not.

Recommendation:

- The ESSHI Working Group should partner with SUNY to create an ongoing state training program for supportive housing service staff and building staff. Such a program could be integrated into the staff hiring pipeline.
- As an example, the Empire State College operates a paraprofessional training program for the DOE.

Technical Assistance

Background:

- Distressed projects should be able to seek technical and financial assistance without jeopardizing future awards. At present, many sponsors and service providers hesitate to seek assistance, leading to a culture where problems may not be visible until the local media or law enforcement become involved.

- HHAP already has a process for providing technical assistance to troubled projects.

Recommendation:

- Create a non-punitive process for both financial assistance and also for technical assistance.

- Financial assistance could include funding adjustments, allocation of project-based vouchers, funding of reserves, adjustment to subsidy interest rate, etc.

Improving Community Safety

Background:

The goal of supportive housing is to ensure that the primary and safety needs of tenants are addressed. Serious incidents – including assaults, overdoses, and physical and mental health crises – occur in affordable and supportive housing. It is important to note that none of these incidents are specific to supportive housing, but it is our common goal to minimize the harm from these occurrences and eliminate them if possible. Best practices for de-escalating conflict and preventing and minimizing crises, including violence, are not widely shared across all ESSHI staff.

Best Practices:

- Prior to admission and lease-up, a safety assessment must be made, including a potential for violent behavior. A wellness plan or other measures can be part of the intake process within a Housing First approach.

- Protocols should be in place to anticipate potential violence and call for help if it occurs on-site.
- After every incident, an incident review should occur in a timely fashion, including housing staff and others.
- Working on good relations with police is essential.

Recommendations:
- The State should pay appropriate security costs for the entire integrated supportive housing building, and should a consider a variety of mechanisms to do so.
- All levels of staff should be trained in verbal de-escalation techniques, which should be provided and/or funded directly by the State (outside of ESSHI contract funds).
- If there is a documented serious physical assault of a tenant or a staff member, owner/provider teams should be able to more rapidly remove a tenant from the property. This would require a change to State landlord/tenant law.
    - If an alternate housing location is available, this could be offered to the tenant in question if appropriate.
- Create additional OMH-licensed respite centers for tenants to go to during mental health crises.
- Support non-police alternatives for behavioral health crisis response.
- Explore transformative justice pilots for supportive housing. (BRC has launched one for shelters and transitional housing programs in NYC).